PERSONNEL IN THE 1970'S

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Today's personnel world is a world of changes, and as personnel executives we must be among the first to recognize what is happening. If we become the agents of such changes, I am personally very optimistic about what they will mean for us in our contribution to and influence on management in the 1970's.

THE CHANGING WORK FORCE

We are accustomed to rapid technological change; we accept the advent of new computers on the market almost daily, and new successful companies spring up around advanced technologies almost as soon as they come into existence. However, many of us don't stop to realize that the change in our work force is even more significant than these other, more obvious alterations. These people changes are in numbers, age distribution, and attitudes of individuals. Chris Argyris of Yale, a leading behavioral scientist and consultant to industry, feels that our principal future role is to diagnose and facilitate change within our organizations. Let us look at what is happening, try to predict the future, and see what action we can take.

Tailoring Personnel Policies to the Young

What are the implications of the increase in numbers of young people in our organizations? What are these people going to be like and what will be the effects of having proportionately more of them around?

Much to their credit, I think, young people have a greater tolerance for differences between individuals. Many of us today strive for uniform, consistent personnel policies which categorize people and treat each group somewhat alike. In my view, personnel policies in the 1970's will concern themselves less with fairness to the group and more with fairness to the individual. For example, perhaps we won't require everyone to be at work at eight or nine o'clock. Employees in the future might tailor their work schedules according to personal needs and the requirements of their particular jobs. We have to some extent done this at my company--not because we were so farsighted back in the late 1940's but because we hired many university professors who were highly individualistic and who weren't about to change their work habits.

In the 1970's there will be a great tendency for young people to move away from organizational values and seek out companies where they are not required to identify as a "company man." The importance of company loyalty will diminish. Young professionals, particularly, will require opportunities to increase their prestige in professional groups rather than with the hierarchy of their organization. They will require much more freedom to exchange information and ideas outside their company. Many scientific organizations are already responding to this need. At Rand we hose many meetings and seminars with attendees from other organizations; we subsidize contributions to technical journals, attendance at professional meetings; and we support educational sabbaticals where on the surface it may appear that the individual has more to gain than Rand itself.

Young people in the future will not be moved by the motivators so familiar to us. Good incomes, titles, and status on the company organization

chart will not mean as much to them as a sense of fulfillment and making
a social contribution. A recent article in Time magazine stated that the
1968 graduate puts "justice above the need for order, social welfare above
creature comforts, compassion above coercion, and people above institutions."
There is no news to those of us who have been following many reports of the
attitudes of young people toward business today. It means that we must
change our approach to recruiting and motivating this group. Opportunities
for substantial contribution plus encouragement to participate in civic activi-
ties are partial answers to this problem. Many companies that are stretching
out to make opportunities available to the underprivileged are gaining a
great deal of credit in the eyes of young people today.

With respect to motivation within the company, we will find a need
to change many of our concepts in salary administration, particularly with
regard to people of high talent. Saul Gellerman notes in a recent Fortune
article, "Effective motivation with money is no piker's game. Unless the
increment is princely, it is unlikely to excite the imagination whet the
appetite." We will have to get away from the narrow ranges and standard-
ized salary increases that are the basis for many of our salary programs today
and move more toward exceptional increases for high performers and stock
options and bonuses for such people where this is possible. Money is not the
only answer to motivation, but it certainly can be used as a positive factor
with proper treatment.

Development programs to prepare young people for more responsibilities
earlier in their lives will be needed. I think I'm safe in saying that few of
us presently give real responsibility to our employees much before the age of
30. This must change. If we want to meet the increased requirements for
good managers in the 1970's, development programs will have to take place
on the job with realistic training tied to the day-to-day operation of the
organization. The relative importance of classroom and formal study will
decline, as they do little to prepare the individual for responsibility even
though they are effective in increasing his knowledge. Along with realistic

training, effective appraisals which are goal oriented will be essential. I
have found from experience that this is a particular need for even the
brightest young people.

These future development efforts will be predicated on new leadership
requirements. Young people will require leadership based on a rapport of
intellect, knowledge, and shared views of life. Youth will not have respect
for leaders just because they are older and hold high positions. This will
be a contributing factor to the change in organizations, resulting in more
informal structures with more group participation in decisionmaking. And
communications will become even more important than they are today.
President Kingman Brewster of Yale recently said, "You probably don't know
what's going on in the universities today if you don't understand your teenage
son." I predict that you and your company president will not understand
what is going on in your organization in the 1970's if you don't communicate
well with your employees under age 30.

Handling Problems of Older Employees

At this point, you may think that with my emphasis on young people I
have forgotten older people. Certainly not! In addition to tailoring your
personnel policies to the young, you are going to have to sensibly, humanely,
and economically handle the problems of the older employees as well.

Experience will not count for as much in the 1970's, and many older
people will be less useful to the organization because they lack an up-to-
date education and outlook. Many formulas proved workable by experience
will not be very functional in times ahead. These are cruel words for some-
one who has given years to an organization, but the personnel man must
face up to their implications. I recently gave a talk relating my company's
personnel policies to other organizations in the future. After the talk the
program chairman said, only half jokingly, "Well, there go my 30 years of
experience down the drain." I think that his words were more realistic than
he realized.

Your company will probably choose to do more to help older people cope with their problems. More than likely this will mean an expansion of programs you have already initiated. Some possibilities may be early or earlier retirement dates without substantial loss of income, health insurance for the retired, and more professional counseling to ease the pain of rejection which often accompanies retirement.

An early identification of individuals who should retire before the usual time is also important so that you can tailor your pre-retirement programs to each, enlisting his active involvement as well as that of his supervisor. In addition to watching for individual problems related to older employees, you must be alert to groups or departments which may be aging too fast through lack of turnover or unbalanced hiring.

Relieving Pressures on the Middle Group

I have talked about the younger and the older in our organizations in the future. What about those in the middle? They will carry a very heavy burden while younger people are being developed and older people are moving out of the organization. This middle group will be making more important decisions in the 1970's. How, then, can we relieve some of the pressures on this middle group? First, I would suggest that sabbatical programs which are now effectively being used in universities be applied more broadly to business organizations. Such plans will be difficult to initiate because there will be a strong demand to keep people hard at work in their middle years. However, we must treat this group as a valued resource worthy of sophisticated preventive maintenance. Two or three months every few years away from the job on a combined education, research, and sabbatic vacation is apt to pay off to the company in the longevity of the individual and the usefulness of his renewed mental alertness.

Another way we can help our overworked middle group in the 1970's is to make better use of woman-power in our organizations. While women

have made great strides in moving ahead in certain fields (science being one in particular), they have not reached the middle and upper levels of management in most companies. I have read that while women make up a third of the work force today, only 4 percent of them are in executive jobs. This is due to many reasons, including the common belief that women are more emotional and less objective in their decisionmaking. There is also the belief that they don't seem to fit as well in the authoritarian role of boss. We have all heard women say that they don't like to work for a woman. However, this will change in the future when many new jobs will not require clear-cut authority relationships and people of both sexes will have less concern about who is boss. Consequently, there will be more openings for women at decision and policy-making levels.

Upgrading the Blue Collar Worker

You have probably noticed that I have not talked about employees by specific job classifications, and, notably, I have omitted blue collar workers. I believe that the blue collar group as many of us know it today will diminish. Virgil Day, a General Electric Vice-President, in a recent discussion of manpower problems, stated that the labor force of the future will be a mixture of two strongly contrasting groups--one made up of highly educated and skilled and highly paid employees and a second group of relatively low-paid, low-skilled workers. In the aerospace industry, upgrading of the blue collar labor force, accompanied by sharp cutbacks in the low-skilled jobs, has accelerated even further than in most other industries. Today's blue collar worker is more skilled and sophisticated than most of us realize.

Developing Programs for the Disadvantaged

I feel relatively confident that the generalizations I have made thus far will apply to most categories of employees. An exception will be the disadvantaged and others unable to compete with highly trained people. I

think that organizations will feel their social responsibilities even more strongly in the future than they do today. A report announced by General Electric states that the public is rewriting its "charter of expectations" of companies and, in the future, will insist that companies follow long-range goals consistent with national goals. In addition to developing sophisticated programs for well-educated people, we in personnel will be charged with programs at the other end of the spectrum in which we bring more hardcore, underprivileged people into our organizations for basic education and job training. We will have to devise training programs specially geared toward helping individuals skip a generation or two in their cultural and educational development. Today it may seem impossible to take a person with little formal education and make a computer operator of him, but this is the kind of task we are going to have to tackle in our training program in the future-- and obviously this is no short-term effort.

We will always have some manual work that can be done more economically by people than machines. Some of the disadvantaged and some of our own children who do not take strongly to formal education will be working in these service jobs. The challenge here will be to design this work so that it will provide self-respect and satisfaction to the individuals, as well as profits to the company. One effort in this regard is the program recently initiated at Texas Instruments for putting everyone on a salary basis.

THE NEED FOR FLEXIBILITY

A key word for all future planning is flexibility built around the individual. For many reasons, some of which I have already discussed, your organizations are apt to be more loosely structured in the future than any are at present. The apparent make-sense orderliness of bureaucracy will be less appropriate in the future as the tasks of organizations become more complex. The present forms of organization in most companies are still based on military principles of line and staff. In the future, we will largely be

organized around problems rather than traditional functions or skills. Special
task forces will be organized for relatively short periods of time for project
work and will include specialists of diverse talents and skills. In addition,
the more loosely structured organization will require more flexibility in
personnel policies. Take hiring policies, for example. In the future we
will have entirely new categories of consultants or semi-employees who are
specialists hired for a particular period of time to do a particular job. The
increased use of temporary workers may be somewhat foreign to our current
concepts of recruiting, compensating, and retaining employees for long
periods of time, but I think this is the trend.

Compensation plans will need to be designed along flexible lines.
Pay plans, cash, and benefits will be tailored to individual needs. The
young married man recently out of school and probably heavily in debt will
need more cash and more life insurance to get his career and family started.
The older person will need more medical insurance and perhaps deferred
compensation for tax saving. Although these individually tailored plans will
probably be more expensive than what we are doing today, they will pay
off in the long run. You can expect strong opposition from the comptrollers.
However, if your aim is to lead and guide, rather than to follow and float
into the future, you must initiate and demonstrate, and convince this opposi-
tion.

Another apparent area for flexibly tailored programs is your benefits
package. In the past, individuals were responsible for their own security
for medical emergencies, employment, retirement, and death. Some of these
burdens were gradually shifted to the employer because of the competition
for personnel, favorable tax treatment, and the economies of group purchasing.
Now when fringe benefits are taken for granted and variances in benefits
among companies of equal size are not too great, it is questionable whether
or not they are effective in either recruiting or retaining employees. Large
organizations will cease to view fringe benefits as competitive employment
tools and view them instead as a standard corporate obligation.

More than likely in the 1970's our companies will provide dental insurance, prepaid drug plans, more complete psychiatric coverage, and more comprehensive employer-paid insurance for employees and dependents. Other new areas include education and day care for children, as well as treatment of matters that have been considered the individual's personal responsibility up to now. For example, people may protect themselves against unexpected and large legal bills through insurance. The American Bar Association has a pilot program underway now to determine what individual legal needs are and what people would have to pay in premiums.

Mass merchandising through payroll deductions is gaining momentum as a low-cost fringe benefit. In addition to the purchase of hard consumer goods, group automobile insurance, household insurance, and mutual funds are also gaining acceptance. Rand had one of the first plans for automobile insurance and the first for householder's insurance. We have found acceptance very strong and advantages great with no real cost to the company.

A PLAN FOR ACTION

Up to this point I have discussed in a rather general way the nature of the personnel job in the 1970's. Now I would like to consider six action items you can take to prepare for the future.

1. Organize some long-range planning in your own shops regardless of the size of your company and whether or not there is a long-range planning staff somewhere else in the organization. I might describe my own effort in this regard. Each of my supervisors is responsible for his own research and recommendations for the future. At least once a year my staff gets together for a series of meetings to talk about what is new and different and the direction our work should take. Each supervisor presents his ideas to the personnel professional staff, and after decision, an overall long-range plan is prepared for review by the president and other members of management. From very general long-range topics, we also develop short-range project lists for achievement usually within a year. I have found this

written long-range plan an excellent tool for finding out the president's views on personnel matters. Needless to say, such plans are not rigid blueprints but flexible working programs which can be and frequently are changed.

2. Sharpen your reporting skills to help management in making better personnel decisions. Relating to my own experience again, I do this through an annual report to top management in which I not only cover employment, salary, and benefit statistics, but also analysis of significant activities and trends. This report isn't a chore, since the statistics are kept by the computers and clerical effort, and my staff is only required to analyze and interpret the accumulated data. The quality of this reporting job is important in establishing and enhancing the personnel director's position with top management. If you are to play a more important role in your organizations, you will have to have management's confidence that you and your professional staff are their intellectual equals and are experts in the personnel field.

3. Find ways to get young people into positions of responsibility sooner, for example, through a well-planned summer employment program for college students. In addition to earning summer money, the students want a preview of what regular employment with your company might be like. One way you can do this is through special summer projects that relate directly to the ongoing, important work of your organization. Be sure the work needs to be done and be sure supervisors are carefully chosen on the basis of their interest in recruiting and development. At Rand we have such a summer program, and I am convinced of its usefulness.

4. Give a lot of attention to the development of your own staff. (Some of us may be neglecting our own departments while developing programs for others.) In the development program for your staff I would certainly include educational assistance, attendance at professional meetings, and encouragement to do research and present papers, to associate with contemporaries in their working environment, and to participate in the many other activities essential to professional work. Hopefully, you will be able to expand your staffs as the need grows. If you can't, there are alternatives.

One is to upgrade the quality of your present staff. Whenever you have
an opening, be sure that you fill it with a better person than the one who
occupied it before. Still another way is to start cutting back jobs that are
of a purely service or housekeeping nature and thus have little real impact
on the success of your company. If you are currently running a cafeteria,
the annual charity drive, and the bowling league, I suggest that you may
have more important things to do. Personnel men in the past, in their desire
to be cooperative and useful, have agreed to take on too many peripheral
functions that do nothing but dissipate staff energies on relatively unimportant
work. Perhaps the application of value analysis to personnel will facilitate
your review of these activities and help orient your operations toward a high
payoff, high-value program.

5. Organize your personnel staff on a project basis; don't isolate your
people in purely functional areas. For example, your benefits administrator
should be a person with an extensive background in insurance, legal areas,
and data processing, with some knowledge of medical terminology and so forth.
If you want an effective operation, you need a specialist here, not a broad
generalist; however, you will not be making the best use of such a person if
you restrict his activity to benefits work. He needs the broadening that comes
from exposure to employment, salary, and other personnel activities. Recently
we prepared a study of our fringe benefits program for management. I made
up a team with the associate personnel manager as project leader to carry out
this effort. The benefits administrator was an indispensable member of the team,
as was my salary administrator and several others in the personnel department.
The result of this effort was a broad study which reflected technical competence
in the specifics. It was well received by management. Not only does the
team approach to problems provide a better solution, but it also makes the job
of the specialist more interesting and prepares him for future advancement.

6. Stimulate an awareness of the changing social, racial, and economic
nature and composition of the work force. Again, relating my own company
experience, I have found a considerable change required in our attitude and

ways of handling matters resulting from increased numbers of minority em-
ployees, and, in particular, "hardcore" hires. I have found that supervisors
accustomed to dealing with a typical middle-class work force do not adjust
easily to these employees, who, for example, experience continuing diffi-
culty in such matters as being on the job consistently. The question of
double standards and how lenient you can be, and what training you can
offer, are important issues to your company and to every supervisor, if we
are to open doors to people who have not had the opportunities of the middle
class in the past. In an effort to reduce this problem, we arranged a series
of administrative meetings with supervisors where emphasis was placed on
supervisory responsibilities regarding work standards, habits, and attitudes of
new employees from varying cultural, educational, and work backgrounds.
Essentially these meetings were seminars consisting of actual company case
studies where experiences and ideas were shared by all. Attendance was
voluntary, but supervisors' interest was so great that double sessions had to
be scheduled. A factor that added to the success of the effort was the
presence of an outside consultant, a Negro, whom I invited to join us be-
cause of his considerable experience in dealing with these types of problems.
It was perhaps the first down-to-earth confrontation that some of our super-
visors had had with a minority person who was able to lucidly present the
minority employee's point of view.

This leads me to a further suggestion along these lines--that you have
on your personnel staff a cross-section of people representative of the mixed
population of your company. I recently heard of a large company which
suddenly became unionized after 40 years without a union. The vice-
president attributed this to the fact that they had hired many Spanish-
American and Negro employees, and although these people were well treated,
they were concerned that no one was representing their point of view to
management. If the composition of your work force has changed, the com-
position of your personnel staff should too.

To summarize, I have suggested six action areas important to you in meeting your requirements for the future: long-range planning...analytical reporting to top management...more responsibility for young people... development of your own staff...organization around problems rather than around specialized isolated functions...and a personnel staff sensitive to the changing social world and representative of your company population.   Implementation of these ideas I think will help you move ahead in the decade to come.   A flexible, planned response to change is essential, and if we develop it, our work in personnel will offer each of us even greater rewards.